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SUBJECT: TAJIKISTAN'S CIVIL SOCIETY AND BUSINESS LEADERS NEED RULE  
OF LAW, NOT RULE OF THE JUNGLE

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11. (U) Sensitive But Unclassified - Not for Internet Distribution.

12. (SBU) Summary. Tajikistan's business advocates and civil leaders cited corruption and the lack of coherent laws and policies as the greatest impediments to business or reforming social institutions. In separate open and free-wheeling discussions with A/DAS Pamela Spratlen April 1 about civil society and the business climate, they said that in Tajikistan success or progress depended on personal relationships with influential officials, rather than institutions and a reliable regulatory framework. In a Soviet-style contradiction, they shared the sense that President Rahmon supported them, but believed that without rule of law, corrupt or ignorant mid-level officials had too much latitude to interfere with their work. Civil society leaders noted the significant role that Russia's media dominance plays in undermining support for an open civil society, especially among young people. Business and civil society leaders believe that continued engagement on the issues from foreign missions is a lever that can get the GOTI to implement necessary reforms. End summary.

"Blat" Thrives in Absence of Policy  
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13. (SBU) The directors of nine human rights and capacity building organizations assessed the operating environment for Tajikistan's civil society with Acting Deputy Assistant Secretary Pamela Spratlen on April 1 at the embassy. The overarching complaint was that the government had no policy framework for managing civil society activity; instead, individual officials defined the terms of engagement with society. For the Soros Foundation this meant memoranda of understanding with the ministries of health and education inhibited rather than facilitated public access to medical professionals and educators. The head of a capacity building NGO said mid-level officials demanded that Soviet-style activity results be published in national newspapers. A women's rights advocate said that because the president appointed new ministers and advisors each year, NGO leaders had to build new relationships and re-justify programs continually, which prevented them from reaching program goals.

NGO = Color Revolution  
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14. (SBU) The director of a legal aid and human rights NGO said that since the "political upheaval" in Kyrgyzstan in March 2005, the government has scrutinized human rights advocacy closely. She noted that the public associations law passed in 2007 required NGOs to re-register with the Ministry of Justice to monitor NGO activities more closely, and that of the 3,000 NGOs previously registered, only 1,600 subsequently re-registered. (Note: The chairman of a business association said the number was even lower, only 1,040 had

re-registered. End note.) Some organizations lacked funding to continue, while others operated without registration.

15. (SBU) Participants said that the degree of government involvement - whether interference or cooperation - depended on the NGO's mission. A human rights defender said "misunderstandings" were more likely when organizations shone a spotlight on issues such as unlawful confiscation of property or inconsistent enforcement of laws. A lawyer for the American Bar Association/Rule of Law Initiative (ABA/ROLI) said that the government refused even to discuss its priorities for reforming the criminal procedure code. Qdiscuss its priorities for reforming the criminal procedure code. Nevertheless, she said her organization had no difficulties registering, although articles maligning its activities sometimes appeared in the Russian media.

Good Czar, Bad Apparatchiks  
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16. (SBU) The NGO leaders felt the government selectively supported their efforts, at least in principle. The director of a development foundation said that the trend was incremental but positive, and that there was an understanding "at the highest levels" of the need for civil society. His organization prepared analyses on a national development program and a code of conduct currently being discussed by NGO, government, and parliamentary representatives. He is hopeful the government will adopt both. The women's rights advocate said government officials have quoted passages from a shadow report on Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) prepared by her organization.

Tajik Youth - "We Don't Want No Civil Society"  
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17. (SBU) When asked whether young people are interested in civil society, an activist with 17 years experience in conflict resolution said young people do not understand their role in the country's future nor do they have an interest in civil society, a concept understood only by the elite in Dushanbe and Khujand. Several issues undermine civil society development. First, he said education is collapsing, literacy is falling, TV and radio provide no useful information to citizens. Second, poverty is so severe people can't afford newspapers. Third, there are few outlets for building institutional change. The women's rights advocate said students who study abroad find no open doors when they return; the establishment is not interested in their ideas or changing the status quo. The best educated who do not work abroad end up working for international organizations, many as lawyers.

18. (SBU) A major outside source also depletes public support for civil society development. The director of an Internet policy initiative agreed that the public had a negative impression of NGO work, but it came not from bad experiences with local groups, but from negative reporting in Russian media. He said that with young people being interested in business, NGOs should serve as bridge. They could provide analyses of market trends, employment opportunities, and recommended income levels.

Businesses Operate by Law of Jungle, Not Rule of Law  
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19. (SBU) Business advocates and private sector representatives described a treacherous business environment where survivors follow the law of the jungle. The participants said that excessive interest rates, an incomprehensible tax code, and the lack of a sound legal structure hinder the growth of private enterprise in Tajikistan. Just starting a business is difficult because no information about registration procedures is available. Banks offer no short term credit, and the interest rate on longer term loans is 18 to 40 percent. Those that manage to register have to deal with twenty different ministries that issue decrees which they rarely share with business leaders. Businesses like the Orima supermarket chain that prevail despite overwhelming odds are at risk of having

their leaders falsely accused of crimes and/or being taken over by rivals connected to powerful officials (reftel).

¶10. (SBU) An expatriate on the board of an investment bank said that the most successful international investors were the Chinese, Russians or Kazakhstanis, who knew how to "move through the gaps," that is, had the cash to pay off the right people. He said there was "no political will" to improve the investment climate and no transparency. The culture of corruption works both ways, he noted; government officials, who clearly don't understand that a rule-based world exists outside their experience, tried to bribe representatives of rating organizations Moody's and Standard and Poor's to get a higher rating for the GOTI.

¶11. (SBU) Agribusinesses, which account for 70 percent of small and medium sized enterprises (SME), are especially vulnerable because of poor government regulation, according to the chairman of the beekeeper's association. The chairman charged that the government has never understood how to regulate agriculture and simply copied Russian and Kazakh laws posted on the Internet. He said farmers can't buy their own land and are required to file onerous reports about their crops and harvests. He blamed the "futurists," the agents who loan cotton farmers cash to buy seeds, for the cotton debt crisis. Echoing the "Good Czar" sentiments voiced by civil society, business leaders said President Rahmon alone cared about the plight of farmers, because the president froze their debts and ordered banks to loan directly to them. Despite advocacy from "dozens" of international organizations, he said the "clan system" of influence over business still prevails; parliament refuses to act on any recommendations about adherence to international standards.

Tax 'Em Dead

¶12. (SBU) One industry that is booming is the mobile phone business, in response to strong demand. The chairman of the Mobile Phone Operator's Association said "so far" his own business was profitable. In 2007 he said cell phone companies paid \$60 million in taxes of their \$200 million profit into government coffers. However, the government is using the profitable mobile sector to prop up the state telecom service. A few months ago, when the mobile operators announced a new system of payment, "calling party pays," the national telecommunications company Tajiktelekom demanded 9.6% of all payments to the mobile operators.

¶13. (SBU) An internet service provider said that despite all the obstacles, business was nevertheless developing. He himself managed to accumulate savings to start his own business without a loan. The

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biggest problem in his opinion was a lack of expertise in business management. He said corruption was still a significant problem impeding progress and that anti-corruption efforts had yielded no results.

Comment

¶14. (SBU) All participants, who have benefited from foreign assistance or are alumni of USG programs, had a stake in persuading a high-level American official that the USG should continue its support for civil society and economic reform. They highlighted corruption, incompetence and their government's impulse to monitor and control as major hindrances to their attempts to build successful organizations and make Tajikistan a more prosperous and open society. Some noted Russia's media dominance as a factor that negatively affects attitudes toward civil society organizations. Both business and civil society leaders share the conviction that continued engagement on the issues from Western officials, embassies and missions is a lever that can bring essential expertise and get the GOTI to implement necessary reform. End Comment.

¶15. (U) A/DAS Spratlen cleared this message.

JACOBSON